



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0377	Title:	Prohibit business expense deduction for unauthorized aliens
Primary Sponsor:	Perry, Gary L	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: This bill has no known fiscal impact to the state.

FISCAL ANALYSIS

Assumptions:

1. This bill requires that a wage or salary paid for personal services to an individual who is an unauthorized alien is not allowed as a deductible business expense.
2. This bill has the potential to affect corporate income tax or personal income tax. Disallowance of wages and salaries due to the provisions of this bill is expected to result from an audit review.
3. The Department of Revenue (DOR) does not have data to support a specific estimate, but at this point expects that any additional revenue to the general fund would be relatively small and sporadic in nature.
4. DOR may need to modify forms and instructions to comply with the provisions of this bill, but does not anticipate any additional costs.
5. Provisions of this bill apply to a wage or salary paid to an unauthorized alien for personal services beginning January 1, 2010.

Technical Notes:

1. Wages or salaries may not capture all forms of remuneration; if the intent of this bill is to include all forms of compensation, the phrase “any compensation” may be better than “wage or salary.” Assuming this is a deduction for which Montana follows federal law (not a Montana specific deduction), a specific citation of the provision in the IRC that allow the deduction for personal services, 26 U.S.C. 162, would provide a point of reference.

Sponsor’s Initials

Date

Budget Director’s Initials

Date